

# Social Security

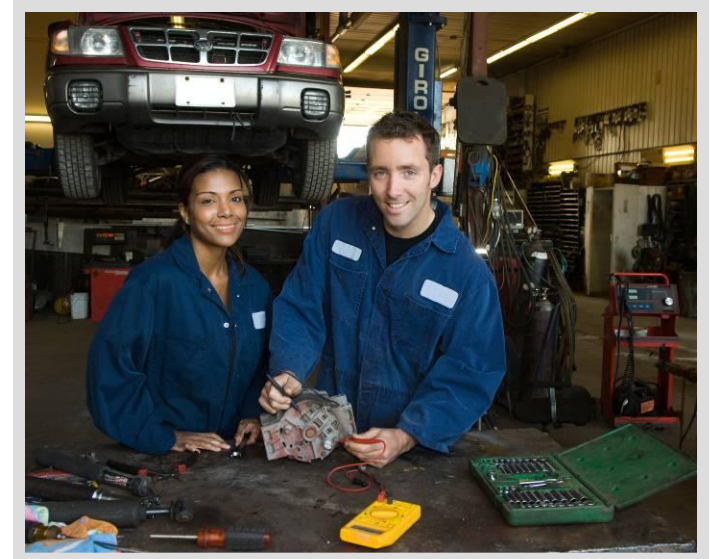


**[www.socialsecurity.gov](http://www.socialsecurity.gov)**

# How Do You Qualify for Retirement Benefits?

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- You need to work to earn Social Security “credits”
- Each \$1,120 in earnings gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2010, you must earn at least \$4,480. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.

# **Your Age At The Time You Elect Retirement Benefits Affects the Amount**

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**If You're a Worker and Retire:**

- **As early as age 62 (benefit permanently reduced)**
- **At Full Retirement Age (FRA)  
(no benefit reduction-100% of computation)**
- **Delayed retirement (benefit increased by 8% per year between FRA and age 70)**

# **Your Age At The Time You Elect Retirement Benefits Affects the Amount**

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**For example, if you were born from 1943 through 1954:**

- **Age 62     75% of benefit**
- **Age 66     100% of benefit**
- **Age 70     132% of benefit**



# Full Retirement Age

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Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943 – 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 or later	67

# How Social Security Determines Your Benefit

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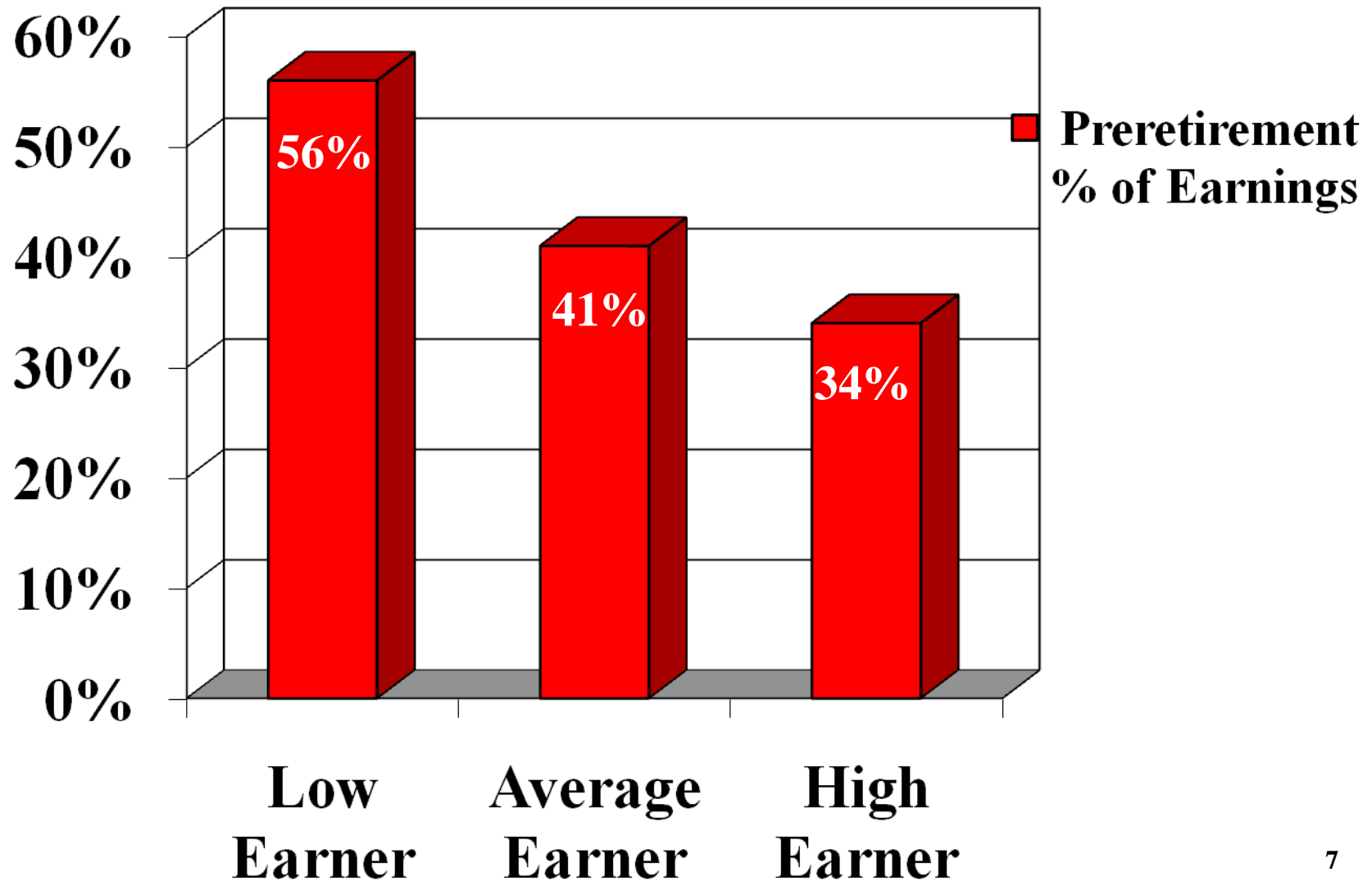
**Social Security benefits are based on earnings**

- **Step 1** -Your wages are adjusted for changes in wage levels over time
- **Step 2** -Find the monthly average of your 35 highest earnings years
- **Step 3** -Result is “average indexed monthly earnings”



# What You Can Expect at Full Retirement Age

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# Windfall Elimination Provision

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**If any part of your pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.**





# How Social Security Benefits and Non-Covered Pensions Interact

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## Windfall Elimination Provision (WEP):

- Applies when YOU have 40 credits and are receiving a non-covered pension AND  
Filing for retirement or disability benefits off of “your earnings record”
- Excluded from WEP when a person has 30 years of “substantial” earnings in other jobs where he or she paid Social Security taxes
- Maximum Reduction is \$374.00 a mo.

\* *See Windfall Elimination Provision Handout for Substantial Earnings Chart*

# 2011 Retirement Benefit Computation Example

If your average monthly earnings are = \$5,200  
Then your monthly benefit would be = \$2,001

Average Monthly Earnings	\$5,200		
90% of First	\$761	=	\$685
32% of Earnings over \$761 through \$4,586 ( $\$4,586 - \$761 = \$3,825$ )	\$3,825	=	\$1,224
15% of Earnings over \$4,586	\$614	=	\$92
	\$5,200		\$2,001

*Numbers in red are bend points. Bend points are the same for everyone and they change every year.*

# Windfall Elimination Provision (WEP) - 2011

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Normal Computation	WEP Computation
90% of the First \$761	40% of the First \$761
32% of the Next \$3,825	32% of the Next \$3,825
15% of the Remainder	15% of the Remainder

# Exception to the Windfall Elimination Provision

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Years of Social Security Coverage	% of First Factor in Benefit Formula
30 or more	90
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45
20 or fewer	40

**\*Visit Our Online WEP calculator to estimate benefits**

# In Addition to the Retiree, Who Else Can Get Benefits?

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## Your Child

- Not married under 18  
(under 19 if still in high school)
- Not married and disabled before age 22



## Your Spouse

- Age 62 or older, with little or no work history
- At any age, if caring for a child under age 16 or disabled

# **Spouse's Benefit Computation**

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- **Age 62 or older**
- **Benefit is up to 50% of worker's unreduced benefit**
- **Reduction for early retirement**
- **If spouse's own benefit is less than 50% of the worker's, the benefits are combined**
- **Does not reduce payment to worker**

# **In Addition to the Retiree, Who Else Can Get Benefits?**

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## **Divorced Spouse**

- **Marriage lasted at least 10 years**
- **Age 62 or older and unmarried**
- **Divorced at least two years.**
- **If you and ex-spouse at least 62, he or she can get benefits even if the other person is not receiving.**
- **Ex-spouse's benefit amount has no effect on the amount you or your current spouse can get**

# Examples of Spouse's Benefits

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- **Cliff Huxtable receives \$1200 a mo. Claire Huxtable files for benefits, she is entitled to \$1000 a mo. Claire cannot file for benefits on Cliff's record because her amount is more than half of his.**
- **Hillary receives \$1800 a mo. Her husband, Bill files for benefits, he is entitled to \$600.00 a mo. Bill will receive \$600.00 from his record and an additional \$300.00 from Hillary's record.**



# Who Can Get Survivors Benefits?

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## Your Child if:

- **Not married under age 18** (under 19 if still in high school)
- **Not married and disabled before age 22**

## Widow or Widower:

- **Full benefits at full retirement age (100%)**
- **Reduced benefits at age 60 (71.5%)**
- **Divorced widows/widowers may qualify (10+years)**

# **Government Pension Offset (GPO)**

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**If you receive a government pension based on work not covered by Social Security, your Social Security spouse's or widow(er)'s benefits may be reduced.**

# Government Pension Offset (GPO)

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## Applies to Spouse's Benefits Only

- 2/3 of amount of government pension will be used to reduce the Social Security spouse's benefits

### Example:

- \$1,200 of government pension  $2/3 = \$800$   
Social Security spouse's benefits = \$750  
No benefit payable by Social Security
- Our Online GPO calculator allows you to estimate your Social Security benefit.

**NOTE:** If work in a covered system for the last 5 years of employment, excluded from GPO.

# You Can Work & Still Receive Benefits

<u>If You Are</u>	<u>You Can Make Up To</u>	<u>If You Make More, Some Benefits Will Be Withheld</u>
Under Full Retirement Age	\$14,160/yr. (\$1,180/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached	\$37,680/yr. (\$3,140/mo.)	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit



**Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.**

# How Do I Apply for Retirement Benefits?

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- Apply online at [www.socialsecurity.gov](http://www.socialsecurity.gov)  
It is the most convenient way to apply;
- Call Social Security to schedule an appointment  
1-800-772-1213 (TTY 1-800-325-0778); or
- Apply at your local Social Security office.

# www.socialsecurity.gov/retire2

Social Security Online

www.socialsecurity.gov

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A secure, comfortable retirement is every worker's dream. And now because we're living longer, healthier lives, we can expect to spend more time in retirement than our parents and grandparents did.

Achieving the dream of a secure, comfortable retirement is much easier when you plan your finances.

### How the Social Security Retirement Planner can help you now

This planner provides detailed information about your Social Security retirement benefits **under current law**. It also points out things you may want to consider as you prepare for the future.

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# Applying for Retirement Benefits



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# What Will You Need When Applying for Your Social Security Benefits?

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- **Social Security number for each applicant**
- **Proof of age** (only if date of birth allegation doesn't match Social Security records)
- **Latest W-2 or self-employment tax return**
- **Earnings estimate**
- **Bank information for direct deposit**
- **Information about marriages/divorces**
- **Information about military or railroad service**